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OFFICE OF PETITIONS

In re Application of :
Bachinger et al. : DECISION ON PETITION
Application No. 09/761,661 :
Filed: 18 January, 2001 :
Atty Docket No. 1748X-49451 :

This is a decision on the renewed petition filed on 20 April, 2005, under 37 CFR 1.137(b), to revive the above-noted application.

The petition is denied.

BACKGROUND

This application became abandoned on 21 February, 2004, for failure to timely reply to the non-final Office action mailed on 20 November, 2003, which set a three (3)-month shortened statutory period for reply. No extensions of the time for reply in accordance with 37 CFR 1.136(a) were obtained. Notice of Abandonment was mailed on 27 May, 2004.

A first petition under 37 CFR 1.137(b) was filed on 13 October, 2004, and was dismissed in the decision of 17 February, 2005.

STATUTE AND REGULATION

Public Law 97-247, § 3, 96 Stat. 317 (1982), which revised patent and trademark fees, provides for the revival of an "unintentionally" abandoned application without a showing that the delay in prosecution or in late payment of an issue fee was "unavoidable." Specifically, 35 U.S.C. § 41(a)(7) provides that the Commissioner shall charge:

On filing each petition for the revival of an unintentionally abandoned application for a patent, for the unintentionally delayed payment of the fee for issuing each patent, or for an unintentionally delayed response by the patent owner in any reexamination proceeding, \$1,210, unless the petition is filed under section 133 or 151 of this title, in which case the fee shall be \$110.

Effective December 1, 1997, 37 CFR 1.137(b) provides:

Unintentional. Where the delay in reply was unintentional, a petition may be filed to revive an abandoned application or a lapsed patent pursuant to this paragraph. A grantable petition pursuant to this paragraph must be accompanied by:

(1) The required reply, unless previously filed. In a nonprovisional application abandoned for failure to prosecute, the required reply may be met by the filing of a continuing application. In a nonprovisional application filed on or after June 8, 1995, and abandoned for failure to prosecute, the required reply may also be met by the filing of a request for continued examination in compliance with § 1.114. In an application or patent, abandoned or lapsed for failure to pay the issue fee or any portion thereof, the required reply must be the payment of the issue fee or any outstanding balance thereof;

(2) The petition fee as set forth in § 1.17(m);

(3) A statement that the entire delay in filing the required reply from the due date for the reply until the filing of a grantable petition pursuant to this paragraph was unintentional. The Commissioner may require additional information where there is a question whether the delay was unintentional; and

(4) Any terminal disclaimer (and fee as set forth in § 1.20(d)) required pursuant to paragraph (c) of this section.

OPINION

35 U.S.C. § 41(a)(7) authorizes the Commissioner to accept a petition "for the revival of an unintentionally abandoned application for a patent." As amended December 1, 1997, 37 CFR

1.137(b)(3) provides that a petition under 37 CFR 1.137(b) must be accompanied by a statement that the delay was unintentional, but provides that "[t]he Commissioner may require additional information where there is a question whether the delay was unintentional." Where there is a question whether the delay was unintentional, the petitioner must meet the burden of establishing that the delay was unintentional within the meaning of 35 U.S.C. § 41(a)(7) and 37 CFR 1.137(b). See In re Application of G, 11 USPQ2d 1378, 1380 (Comm'r Pats. 1989). The language of both 35 USC 41(a)(7) and 37 CFR 1.137(b) are clear and unambiguous, and furthermore, without qualification. That is, the delay in tendering the reply to the outstanding Office action, as well as filing the first petition seeking revival, must have been, without qualification, "unintentional" for the reply to now be accepted on petition.

The original petition is accompanied by a declaration by Kerry B. Hillier (hereinafter "Hillier"), Manager of Intellectual Property for assignee Ballard Power Systems, Inc. (hereinafter "Ballard"). In his declaration, Hillier states, in pertinent part.

...

5. During January, 2004, in my capacity as Intellectual Property Counsel, I instructed (or authorized others to instruct) Ballard's outside patent counsel to allow U.S. patent application Serial No. 09/761,661, of which Ballard is currently the record owner, to become abandoned, due to budgetary considerations for our intellectual property operations.

...

In the present renewed petition, petitioners assert that the delay in prosecution was not intentional because Hillier's instructions "were sent (1) contrary to the company's policy and intention regarding [the present patent application], (2) without knowledge of Ballard's determination to preserve any patent applications relating to the divestiture of assets [pursuant to an agreement executed 8 July, 2004], and (3) prior to the time that [Hillier] assumed his current position of Manager, Intellectual Property, after which time [Hillier] learned of the existence of the negotiations relating to the divestiture [of assets including the present application for patent]."

Petitioner has failed to meet his burden of establishing that the delay in this case was unintentional subsequent to petitioner's receipt of the Notice of Abandonment.

37 CFR 1.137(b) as amended, effective December 1, 1997, requires, *inter alia*, that the entire delay was unintentional, but does not include a filing period requirement. As the record shows an intentional delay in filing a petition to revive the above-identified application, the instant petition must be **denied**, under the provisions of 37 CFR 1.137(b), because the delay between 21 February, 2004, (the mail date of the non-final Office action) and 13 October, 2004, (the filing of the first petition to revive) was not "unintentional" within the meaning of 35 USC 41(a)(7) and 37 CFR 1.137(b), but the result of a deliberate decision on the part of petitioners to delay the revival of the above-identified application.

Petitioners have failed to meet their burden of establishing to the satisfaction of the Commissioner that the delay in prosecution of the application was unintentional.

Petitioners concede that Hillier, then intellectual property counsel for Ballard, deliberately and intentionally instructed outside patent counsel to allow the application to become abandoned, but overlooks the salient fact that the language of both 35 USC 41(a)(7) and 37 CFR 1.137(b) are clear and unambiguous, and furthermore, without qualification. That is, the delay in prosecution of the application must have been, without qualification, "unintentional" for the application to now be revived on petition.¹

That petitioner relied upon Hillier and/or outside counsel for matters regarding prosecution of the above-identified application shifts the focus of the inquiry regarding the abandonment of the application from petitioners to Hillier and outside patent counsel. See California Medical Products v. Technol Med. Prod., 921 F.Supp. 1219, 1259 (D. Del. 1995).

¹ Cf. Centigram Communication Corp. v. Lehman, 862 F.Supp. 113, 118, 32 USPQ2d 1346, 1350 (E.D. Va. 1994), *appeal dismissed*, 47 F.3d 1180 (Fed. Cir. 1995). The Commissioner **may** accept late payment of the maintenance fee if the delay is shown to the satisfaction of the Commissioner to have been "unintentional"; see 35 USC 41(c)(1) and its promulgating regulation 37 CFR 1.378(a). That is, the plain language of the statute permits reinstatement of an expired patent, provided the delay in payment of the maintenance fee was "unintentional." *Id.* Nevertheless, the underlying congressional intent is that PTO acceptance of a delayed maintenance fee is discretionary and contingent upon a showing satisfactory to the Commissioner, that the delay was "unintentional." *Id.* at 1348.

While petitioners contend that pursuant to petitioners' interpretation(s) of Ballard's company policy and intent, Hillier was not authorized to act in any manner inconsistent with the aforementioned policy, the showing of record is that petitioners acquiesced to the business arrangement(s) in effect, including the fact that Hillier was at all times petitioners' contact point for instructing, or not instructing, outside patent counsel (and Ballard) to prosecute (or not continue prosecution of) the above-identified application. Further, the showing of record does not extend to any document establishing that Hillier was under contract to continue prosecution of the application, or that if Hillier instructed outside counsel not to allow the application to become abandoned, then Hillier acted contrary to any agreement in force. Further in this regard, there is no documented showing that petitioners had engaged any party, much less Hillier, to prosecute this particular application. There is no documented showing of record that Hillier had to receive prior approval from anyone at Ballard for any business decisions made by Hillier. Specifically, there is no documented showing that Hillier required Ballard's prior approval for the business decision to continue prosecution of this application (or to allow it to become abandoned), or that Hillier, much less outside patent counsel, was to specifically inform Ballard that prosecution of the application was continuing (or that the application had been allowed to become abandoned). It is noted that in the 13 October, 2004, petition, Hillier stated that he instructed outside patent counsel to allow the application to become abandoned due to "budgetary considerations". In the 17 February, 2005, decision, petitioners were required, assuming that Ballard lacked the funds to continue prosecution of this application, to provide a chronological itemization of the fees paid in pursuit of petitioners' intellectual property portfolio and to explain why the deliberate allocation of fees away from the instant application can reasonably be considered to be unintentional. However, the renewed petition lacks any meaningful response to this requirement, much less the required documentation. The showing of record, therefore, is that petitioners are estopped from contending that Hillier acted beyond his apparent authority.

Rather, the showing of record is that petitioners have acquiesced to the apparent authority of Hillier and inactions of Hillier and outside patent counsel in failing to continue prosecution of the above-identified application while prosecuting other applications in petitioners' intellectual property portfolio. Petitioners seek to revive this application and, in so doing, would have the Patent and Trademark Office believe that Hillier acted beyond his authority to cause the abandonment of this application, but do

not at the same time repudiate, or contest, that same alleged lack of authority of Hillier with respect to other patent applications. Rather, petitioners have ratified the authority of Hillier to independently withhold timely prosecution, and cause the abandonment of an application that is the property of petitioners. As such, petitioners' continued assertions that Hillier acted beyond the scope of his authority are untenable. Rather, it appears from the record that Hillier had more than a purely administrative role with regard to this patent application, and that petitioners entrusted all activities concerning this patent application to Hillier, including business decisions as to the management of the prosecution of this patent application. That is, the showing of record is that the agency of Hillier was, and remained, unchecked, throughout the entire time in question. Furthermore, it appears from the record that petitioners chose to remain, or acquiesced in remaining, uninformed of the status of the prosecution of patent applications. Moreover, since 31 May, 2001, at all times, according to Patent and Trademark Office (Office) records, Ballard has permitted the correspondence address of record for receiving Office communications pertaining to maintenance fee payment, or notice of patent expiration, to be that of current counsel of record. Thus, petitioners chose, or permitted themselves, to remain unaware of any Office communication pertaining to prosecution, such as an Office action, or Notice of Abandonment. That is, petitioners chose, or permitted themselves, to be "out of the loop." While the "no-notice" aspect of the arrangement(s) in effect may have worked to petitioners' benefit (and convenience) during prosecution of the above-identified application, petitioners acquiesced to the arrangement(s), and cannot now be heard to complain when the aforementioned arrangement(s), coupled with petitioner's lack of diligence, have worked to petitioners' apparent detriment.

Furthermore, the showing of record is that outside counsel accepted instructions from petitioners' agent Hillier (and not petitioners) as to whether prosecution of the application was to be continued, or not continued. Such showing clearly undercuts petitioners' unsupported assertion that Hillier was without discretion in this matter and simply had a purely administrative responsibility to pay the maintenance fees. Were Hillier without discretion as petitioners contend, then the record remains unclear why there is no showing that petitioners' standing instructions to Hillier, or outside patent counsel, were to respond to the Office action mailed on 20 November, 2003; in that no further input from Hillier was necessary, or desirable. Rather, the well established principles of agency law indicate

that petitioner, as principal, must be held responsible for the actions of an agent acting within the scope of his "apparent authority," even in the absence of the agent's actual authority over the matter in question.

Apparent authority is imputed where the actions of the principal give the appearance to reasonable persons that the agent is authorized to act as he is acting, and where others act in reliance on that impression. Here, petitioners, as principal, gave the appearance that Hillier had the discretionary authority to continue prosecution, or not continue prosecution of the application by permitting Hillier to be the contact point with outside patent counsel, and further, permitting Hillier to act independently with respect to providing instructions to outside patent counsel as to whether to allow to become abandoned, or not become abandoned, the present application for patent. That is, neither Hillier, nor outside patent counsel, were required to obtain any input, or authorization, from principal with respect to prosecution of the present patent application. Furthermore, petitioners' payments, apparently issued directly to outside patent counsel, ratified and reinforced the independent actions and apparent authority of Hillier. Assuming *arguendo*, that Hillier's authority was intended by petitioners to have been purely administrative in this area, that petitioners permitted Hillier's authority *vis-a-vis* outside patent counsel to remain unfettered since a period prior to January, 2004, and for Hillier to subsequently become Manager, Intellectual Property militates away from accepting petitioners' belated assertions to the contrary. Furthermore, insofar as petitioners permitted Hillier to be the contact point for outside patent counsel with respect to the affairs of petitioners for petitioners' intellectual property portfolio at the time the application became abandoned, and subsequently entrusted the position of Manager, Intellectual Property to Hillier, petitioners acquiesced to the arrangements Hillier made with respect to outside patent counsel. As petitioners have made no showing as to any contract regarding the metes and bounds of Hillier's authority and responsibility regarding the prosecution of patent applications, much less any such information known to outside patent counsel, petitioners have failed to advance any showing as to why petitioners, as principal, are not bound by the delay resulting from the actions (or inactions) of their agent, Hillier. Rather, outside patent counsel clearly accepted the apparent authority of Hillier in following Hillier's instructions to not continue prosecution of this application. Therefore, petitioners must be held accountable for the actions or inactions of Hillier. Since petitioners' agent Hillier instructed outside patent counsel to

withhold a timely reply to the Office action mailed on 20 November, 2003, the delay cannot reasonably be considered to have been "unintentional."

Accordingly, the delay in prosecution resulting from Hillier's and/or outside patent counsel's actions or inactions is chargeable to petitioner. The Patent and Trademark Office must rely on the actions or inactions of duly authorized and voluntarily chosen representatives of the patent holder, and petitioner is bound by the consequences of those actions or inactions. See California Medical Products v. Technol. Med. Prod., 921 F.Supp. 1219, 1259 (D.Del. 1995); Link v. Wabash, 370 U.S. 626, 633-34 (1962); Huston v. Ladner, 973 F.2d 1564, 1567, 23 USPQ2d 1910, 1913 (Fed. Cir. 1992); see also Haines v. Quigg, 673 F. Supp. 314, 317, 5 USPQ2d 1130, 1132 (D.N. Ind. 1987). That is, assuming that Hillier was petitioners' agent-representative, then the delay resulting from Hillier's instructions to outside counsel is (1) chargeable to petitioners and (2) as explained *infra*, must be considered intentional delay, even assuming, *arguendo*, that outside counsel erred in accepting Hillier's instructions. Similarly, even assuming that outside counsel erred in believing that he had been instructed to discontinue prosecution, and thus permit the application to become abandoned, nevertheless, the delay resulting from such deliberate action or inaction of outside patent counsel is binding on petitioners, regardless as to who gave the instructions to outside patent counsel.² Assuming that Hillier did not instruct outside patent counsel to forgo prosecution of the application, petitioners have not demonstrated that the delay in filing a timely reply to the Office action mailed on 20 November, 2003, was unintentional. In this regard, regardless of whether the record establishes that petitioners had engaged Hillier and/or outside patent counsel, in that Hillier assumed the obligation for the balance of petitioner's intellectual property portfolio, petitioner is bound by the acts or omissions of Hillier and outside patent counsel with respect to the failure to prosecute this application for patent. See California, *supra*.

With regard to petitioners' supposition that Hillier was unaware of Ballard's determination to continue prosecution of the any

² Petitioners do not allege, nor does the showing of record establish, that Hillier and/or outside patent counsel misrepresented to petitioners either the status of the this application for patent, or sought, or received, reimbursement for continuing prosecution of the application on or after January, 2004. As such, there is no showing that the circumstances of this case should constitute an exception to the general rule that a client is bound by the mistakes or omissions of his representative. See e.g., Huston *supra*.

patent applications relating to the divestiture of assets, the evidence of record consists of Hillier's bare assertion that he did not learn of Ballard's intent until a time after 3 May, 2004, which was after January, 2004, the time period during which Hillier, as Intellectual Property Counsel for Ballard, instructed outside patent counsel to allow this application to become abandoned. As such, it is more likely than not, as petitioners contend, that outside counsel received instructions from Hillier to discontinue prosecution of this application.

Likewise, petitioners' assertion that Hillier was not Manager, Intellectual Property, at the time the decision was made to allow the application to become abandoned does not alter the agency relationship between Hillier and Ballard. The showing of record, a mere change in title for Hillier, does not convey any change in authority of Hillier regarding Ballard's intellectual property portfolio. Further, Hillier concedes (in the declaration accompanying the petition filed on 13 October, 2004) he was acting in his capacity as Intellectual Property Counsel in instructing outside patent counsel to allow this application to become abandoned. Whether or not Hillier's title was that of "Manager" the showing of record is that Hillier had authority in January, 2004, to make decisions concerning the prosecution (or nonprosecution) of patent applications in Ballard's intellectual property portfolio.

Petitioners contend that petitioner should not suffer the consequences of Hillier's acts because petitioners did not knowingly and freely acquiesce in their representative's conduct. This argument is not persuasive, as such runs counter to established Supreme Court precedent holding that:

There is certainly no merit to the contention that dismissal of petitioner's claim because of his counsel's unexcused conduct imposes an unjust penalty on the client. Petitioner voluntarily chose this attorney as his representative in the action, and he cannot now avoid the consequences of the acts or omissions of this freely selected agent. Any other notion would be wholly inconsistent with our system of representative litigation, in which each party is deemed bound by the acts of his lawyer-agent and is considered to have 'notice of all facts, notice of which can be charged upon the attorney.'

Link , at 633-34 (1962) (citation omitted).

Further in this regard, with respect to the lack of a satisfactory showing under 37 CFR 1.137(b) herein:

[i]f we were to hold that an attorney's negligence constitutes good cause for failing to meet a PTO requirement, the PTO's rules could become meaningless. Parties could regularly allege attorney negligence in order to avoid an unmet requirement.³

While petitioners argues that there was no deliberate decision, on the part of the assignee, to permit the expiration of this patent, this argument fails to address why the delay resulting from petitioners' representative's intentional nonprosecution can, or should be, considered "unintentional" delay. Rather, delay resulting from petitioners' representative's prior intentional failure to prosecute the application for patent does not become transformed into petitioner's unintentional delay merely due to petitioner's lack of awareness:

Where the applicant deliberately permits an application to become abandoned (e.g., due to a conclusion that the claims are unpatentable, that a rejection in an Office action cannot be overcome, or that the invention lacks sufficient commercial value to justify continued prosecution), the abandonment of such application is considered to be a deliberately chosen course of action, and the resulting delay cannot be considered as "unintentional" within the meaning of [37 CFR] 1.137(b). . . . Likewise, where the applicant deliberately chooses not to seek or persist in seeking the revival of an abandoned application, or where the applicant deliberately chooses to delay seeking the revival of an abandoned application, the resulting delay in seeking revival of the abandoned application cannot be considered as "unintentional" within the meaning of [37 CFR] 1.137(b). An intentional delay resulting from a deliberate course of action chosen by the applicant is not affected by: (1) the correctness of the applicant's (**or applicant's representative's**) decision to abandon the

³ Huston v. Ladner, supra.

application or not to seek or persist in seeking revival of the application; (2) the correctness or propriety of a rejection, or other objection, requirement, or decision by the Office; or (3) the discovery of new information or evidence, or other change in circumstances subsequent to the abandonment or decision not to seek or persist in seeking revival. Obviously, delaying the revival of an abandoned application, by a deliberately chosen course of action, until the industry or a competitor shows an interest in the invention (a submarine application) is the antithesis of an "unavoidable" or "unintentional" delay. An intentional abandonment of an application, or an intentional delay in seeking either the withdrawal of a holding of abandonment in or the revival of an abandoned application, precludes a finding of unavoidable or unintentional delay pursuant to [37 CFR] 1.137 (emphasis added).

See Changes to Patent Practice and Procedure; Final Rule Notice, 62 Fed. Reg. 53131, 53158-59, (October 10, 1997), 1203 Off. Gaz. Pat. Office 63, 86 (October 21, 1997) (citations omitted).

The showing of record, therefore, is that petitioners, through their representative(s), chose not to timely file a reply to the Office action mailed on 20 November, 2003, which is viewed as an act of deliberation, intentionally performed. A delay caused by a deliberate decision not to take those actions indicated as necessary within a given time period cannot be viewed as constituting an "unavoidable delay" or an "unintentional delay" within the meaning of 35 U.S.C. § 41(a)(7), 37 CFR 1.137(a) and 37 CFR 1.137(b). See In re Application of G, 11 USPQ2d 1378, 1380 (Comm'r Pat. 1989). Such intentional action or inaction precludes a finding of unintentional delay, even if such is due, in whole or in part, to a good faith error on counsel's part. See In re Maldague, 10 USPQ2d 1477, 1478 (Comm'r Pat. 1988). As such, the showing of record must militate away from any reasonable interpretation of the deliberate withholding of prosecution by Hillier/outside patent counsel as "unintentional" within the meaning of 35 USC 41(a)(7) and 37 CFR 1.137(b). It follows that, in the absence of a showing that petitioner was misled or deliberately misinformed by Hillier and/or outside patent counsel with respect to either the status of the reply to the Office action mailed on 20 November, 2003, or the abandonment of this application for patent, it is immaterial to the delay herein that petitioner was unaware of, or would not have acquiesced to, his representative's actions or inactions. See Link, supra; Huston, supra; California, supra.

Therefore, petitioners' contentions concerning either the correctness or propriety of Hillier's and/or outside patent counsel's actions does not cause petitioners' intentional failure to prosecute the application for patent to be considered unintentional within the meaning of 35 U.S.C. § 41(a)(7) and 37 CFR 1.137(b).

As the reply to the Office action was intentionally withheld, failure to prosecute the application cannot reasonably be considered to have been unintentional within the meaning of 35 U.S.C. § 41(a)(7) and 37 CFR 1.137(b). Accordingly, petitioner has not established to the satisfaction of the Commissioner that the delay in payment of the maintenance fee was "unintentional" within the meaning of 35 U.S.C. § 41(a)(7) and 37 CFR 1.137(b). See Application of G, 11 USPQ2d at 1380.

DECISION

The circumstances of this application do not demonstrate that the delay in filing the first petition under 37 CFR 1.137(b) was unintentional within the meaning of 35 USC 41(a)(7) and 37 CFR 1.137(b). The petition is granted to the extent the decision of 17 February, 2005, has been reconsidered, but is otherwise denied. Accordingly, the application will not be revived and the application remains abandoned.

This decision is a final agency action. See MPEP 1002.02.

Telephone inquiries concerning this decision should be directed to Senior Petitions Attorney Douglas I. Wood at (571) 272-3231.

A handwritten signature in black ink, appearing to read 'Charles A. Pearson', followed by a long horizontal line extending to the right.

Charles A. Pearson, Director
Office of Petitions